



Revenue Information

The following section summarizes assumptions, trends, major influences, restrictions and composition of the City's revenue sources.

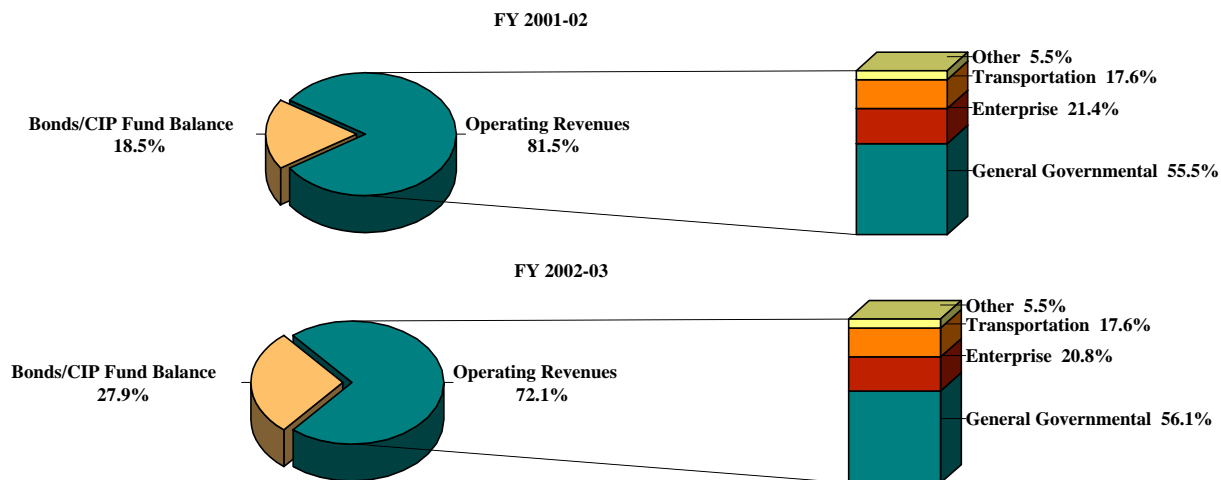


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Total Revenue

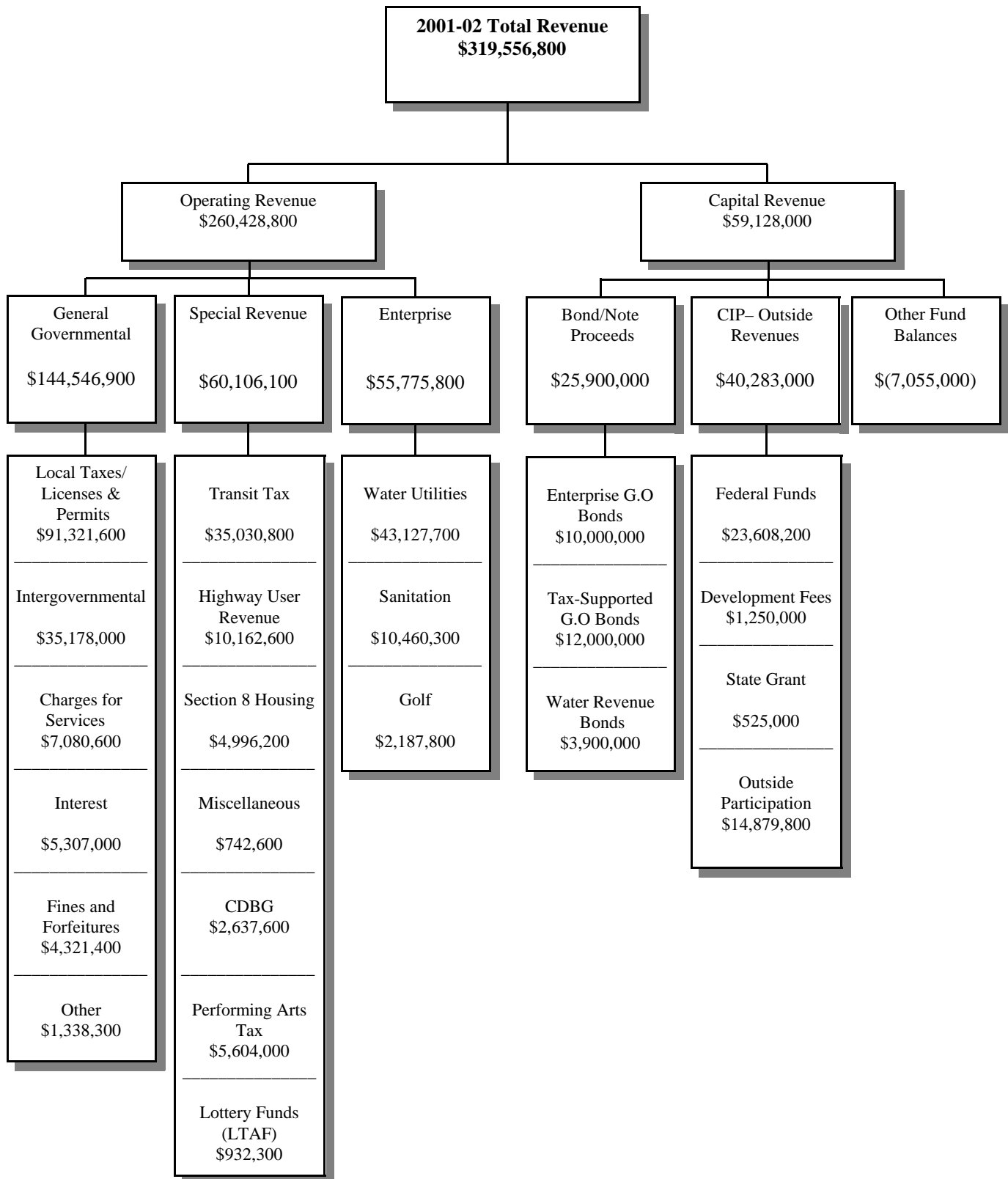


Total revenue for the biennial budget is estimated at \$319.6 million for FY 2001-02 and \$371.1 for FY 2002-03, reflecting \$260.4 million in operating revenue and \$59.2 million from Bond Proceeds, Fund Balances and Other Funding Sources in FY 2001-02, and \$267.8 million in operating revenue and \$103.3 million from Bond Proceeds, Fund Balances and Other Funding Sources in FY 2002-03. The FY 2001-02 operating revenue total represents 7.5% growth over budgeted FY 2001-02 operating revenues, with operating revenue growth expected to slow to 2.8% in FY 2002-03. The slowing revenue trend reflects sluggish taxable sales growth and decreased state-shared revenue. Bond Proceeds and Other Funding Sources will increase in the second year of the biennium, corresponding to the size of the Capital Improvements Program budget.

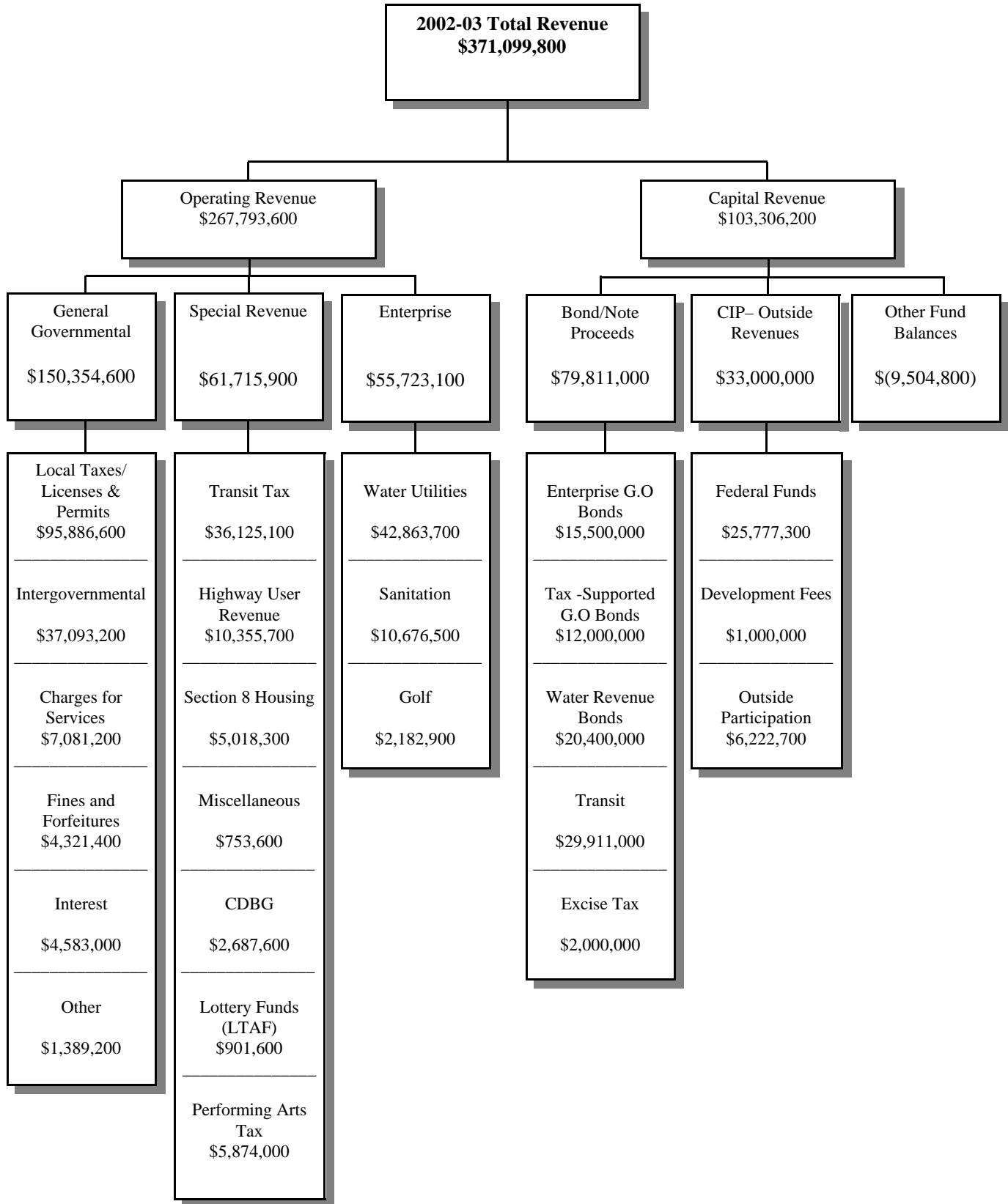


TOTAL REVENUES		
	2001-02	2002-03
OPERATING REVENUES		
General Governmental		
Local Taxes, Licenses and Permits	\$91,321,600	\$95,886,600
Intergovernmental	35,178,000	37,093,200
Charges for Services	7,080,600	7,081,200
Miscellaneous and Debt	10,966,700	10,293,600
Transportation/Transit	45,818,000	47,084,900
Performing Arts	5,604,000	5,874,000
CDBG/Section 8 Housing	7,633,800	7,705,900
Rio Salado Special Revenue	1,050,300	1,051,100
Enterprise	55,775,800	55,723,100
TOTAL OPERATING REVENUES	\$260,428,800	\$267,793,600
Operating Revenue Per Capita	\$1,607	\$1,635
Bond/Note Proceeds	25,900,000	79,811,000
CIP Other Funding	40,283,000	33,000,000
Fund Balances	(7,055,000)	(9,504,800)
TOTAL REVENUES	\$319,556,800	\$371,099,800
Total Revenues Per Capita	\$1,972	\$2,266

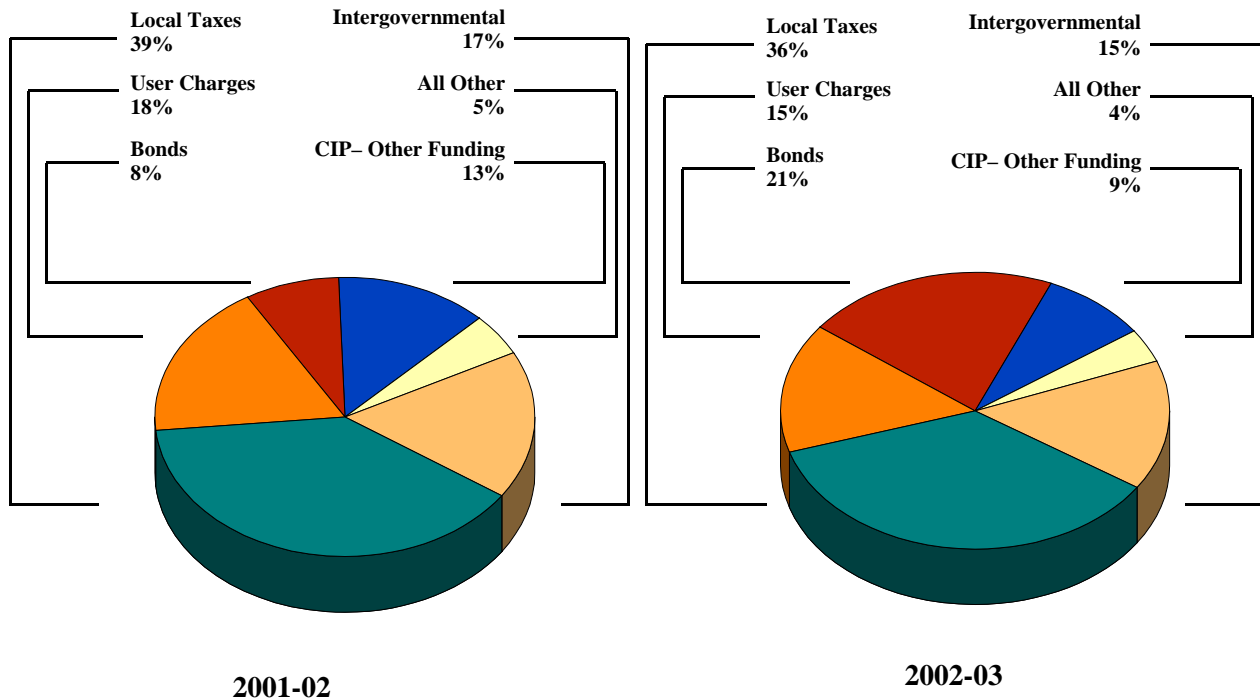
Components of Total Revenue-FY 2001-02



Components of Total Revenue-FY 2002-03



Total Revenue by Source



Where the Money Comes From

Revenue Source	1999-00 Actual	2000-01 Revised	2001-02 Budget	2002-03 Budget
Local Taxes				
Local Sales Taxes	\$62,285,300	\$65,971,300	\$69,261,100	\$72,708,900
Transit Tax	26,384,500	27,609,500	29,193,000	30,506,000
Other Local Taxes	19,433,500	21,198,200	21,636,800	22,778,800
Performing Arts		1,900,000	5,500,000	5,740,000
User Charges				
Water/Wastewater	41,156,200	39,260,300	39,454,600	39,489,500
Sanitation	9,406,900	10,188,100	10,301,900	10,518,000
Community Services	4,204,000	3,899,000	3,777,000	3,777,600
Building/Trades & Planning/Zoning	2,957,600	3,550,000	3,303,600	3,303,600
Intergovernmental				
State-Shared Revenue	36,055,300	38,250,500	35,178,000	37,093,300
HURF/LTAF	13,575,000	13,700,200	10,787,200	10,959,800
CDBG/Section 8 Housing	7,014,200	7,953,400	7,633,800	7,705,900
All Other				
Interest Revenue	13,538,800	12,357,500	10,440,500	9,059,800
Miscellaneous Revenue	8,667,500	7,333,700	8,490,100	8,668,100
Fines and Forfeitures	4,709,700	4,179,200	4,321,400	4,310,500
Licenses and Permits	1,200,500	1,360,000	1,149,800	1,173,800
Bonds/Note Proceeds	22,000,000	22,000,000	25,900,000	79,811,000
CIP - Outside Revenues*	8,647,000	8,647,000	40,283,000	33,000,000
Other - Fund Balance	1,201,200	280,100	(7,055,000)	(9,504,800)
Total Revenue	\$282,437,200	\$289,638,000	\$319,556,800	\$371,099,800

* Includes Federal and State Grants and Residential Development Tax and Fees.

Comparative Revenue by Source



Revenue Source	1999-00 Actual	2000-01 Revised	2001-02 Budget	2002-03 Budget
General Fund				
Local Taxes				
City Sales Tax	\$59,967,700	\$63,566,000	\$66,744,000	\$70,081,00
Primary Property Tax	6,145,600	6,799,300	6,956,700	7,117,700
Transient Lodging Tax	1,625,300	1,713,000	1,782,000	1,853,000
<i>Total Local Taxes</i>	67,738,600	72,078,300	75,482,700	79,051,700
Intergovernmental Revenue				
State Income Tax	17,045,900	17,950,500	16,542,100	17,747,400
State Sales Tax	13,511,400	14,400,000	12,676,900	13,386,800
Vehicle License Tax	5,498,000	5,900,000	5,959,000	5,959,000
<i>Total Intergovernmental</i>	36,055,300	38,250,500	35,178,000	37,093,200
Building & Trades/Planning & Zoning				
Building Permit Fees	1,210,100	1,149,600	1,149,600	1,149,600
Plan Check Fees	694,700	660,000	660,000	660,000
Electrical Permit Fees	207,400	207,400	207,400	207,400
Planning & Zoning Fees	555,200	742,200	517,200	517,200
Other Bldg & Trades Fees	290,200	790,800	769,400	769,400
<i>Total Bldg & Trds/Plan & Zoning</i>	2,957,600	3,550,000	3,303,600	3,303,600
Cultural and Recreational				
Registration Fees	3,087,400	2,946,700	2,866,000	2,865,900
Recreation Admission Charges	330,200	284,800	290,200	290,500
Library Fines and Fees	367,400	298,200	298,200	298,200
Other Cultural and Rec Fees	419,100	369,300	322,600	323,000
<i>Total Cultural and Recreational</i>	4,204,100	3,899,000	3,777,000	3,777,600
Fines, Fees and Forfeitures				
Traffic Fines	1,476,900	1,193,800	1,375,900	1,375,900
Criminal Fines	881,800	735,400	761,400	761,400
Parking Fines	302,300	247,500	225,000	225,000
Other Fines, Fees and Forfeitures	2,048,700	2,002,500	1,959,100	1,948,200
<i>Total Fines, Fees and Forfeitures</i>	4,709,700	4,179,200	4,321,400	4,310,500
Business/Non-Business Licenses	1,200,500	1,360,000	1,149,800	1,173,800
Other Revenue Sources				
Franchise Fees	1,514,000	1,664,500	1,695,600	1,710,100
SRP Payment in Lieu of Taxes	435,400	435,400	416,700	398,800
Interest Income	6,747,300	6,272,000	5,307,000	4,583,000
Loan Repayment	181,100	206,400	137,500	137,500
Other Miscellaneous Revenue	1,843,500	890,400	1,209,800	1,262,600
<i>Total Other Revenue</i>	10,721,300	9,468,700	8,766,600	8,092,000
Total General Fund	127,587,100	132,785,700	131,979,100	136,802,40

Comparative Revenue by Source



Revenue Source	1999-00 Actual	2000-01 Revised	2001-02 Budget	2002-03 Budget
Debt Service Fund				
Secondary Property Tax	10,416,400	11,615,100	11,913,000	12,926,100
SRP Payment in Lieu of Taxes	675,100	684,800	654,800	626,100
Interest Income	247,000	0	0	0
Total Debt Service Fund	11,338,500	12,299,900	12,567,800	13,552,200
Transit Fund				
Transit Tax	26,384,500	27,609,500	29,193,000	30,506,000
Lottery Transfer In	325,300	305,400	307,700	297,500
ASU-Flash Transit	316,000	308,400	345,000	345,000
Interest Income	2,120,300	2,518,000	2,242,000	1,936,000
Federal and State Funding	1,090,800	2,216,900	2,925,400	3,022,200
Miscellaneous Revenue	23,100	17,100	17,700	18,400
Total Transit Fund	30,260,000	32,975,300	35,030,800	36,125,100
Transportation Funds				
Intergovernmental Revenue				
Highway User Revenue Tax	11,041,100	11,240,100	10,162,600	10,355,700
State Lottery Proceeds	976,000	925,500	932,300	901,600
<i>Total Intergovernmental Revenue</i>	12,017,100	12,165,600	11,094,900	11,257,300
Maintenance of Effort Transfer	1,850,000	1,850,000	0	0
Lottery Transfer to Transit	(325,300)	(305,400)	(307,700)	(297,500)
Other Revenue	33,300	0	0	0
Total Transportation Funds	13,575,100	13,710,200	10,787,200	10,959,800
Rio Salado Fund				
City Sales Tax	583,500	580,000	611,600	639,000
Transient Lodging Tax	108,800	112,300	123,500	135,900
Interest Income	492,700	427,000	283,000	244,000
Miscellaneous Revenue	1,221,600	32,200	32,200	32,200
Total Rio Salado Fund	2,406,600	1,151,500	1,050,300	1,051,100
Performing Arts Fund				
Performing Arts Tax	0	1,900,000	5,500,000	5,740,000
Interest Income	0	28,000	104,000	134,000
Total Performing Arts Fund	0	1,928,000	5,604,000	5,874,000
CDBG/Section 8 Housing Funds				
Community Development Block Grant	2,390,100	2,967,700	2,637,600	2,687,600
Section 8 Housing	4,624,100	4,985,700	4,996,200	5,018,300
Total CDBG/Section 8 Housing Funds	7,014,200	7,953,400	7,633,800	7,705,900

Comparative Revenue by Source



Revenue Source	1999-00 Actual	2000-01 Revised	2001-02 Budget	2002-03 Budget
Water/Wastewater Fund				
Charges for Service-Water				
Water Consumption	17,885,900	17,074,000	17,920,000	17,940,000
Water Service	6,160,900	6,136,200	6,140,000	6,150,000
Irrigation	268,800	274,100	275,200	280,200
Other Water Charges	556,100	689,600	707,400	710,800
<i>Total Charges for Service-Water</i>	24,871,700	24,173,900	25,042,600	25,081,000
Charges for Service-Wastewater				
Sewer Usage	10,456,100	10,738,300	10,775,000	10,800,000
Sewer Service	4,799,800	3,579,400	3,500,000	3,500,000
Other Wastewater Charges	1,028,600	768,700	107,000	108,500
<i>Total Charges for Service-Wastewater</i>	16,284,500	15,086,400	14,382,000	14,408,500
Interest Income	3,726,700	3,013,000	2,454,000	2,119,000
Land and Facility Rental	495,000	505,000	515,000	520,000
Loan Repayment from General Fund	624,000	624,000	624,000	624,000
Other Miscellaneous Revenue	294,200	115,300	110,100	111,200
Total Water/Wastewater Fund	46,296,100	43,517,600	43,127,700	42,863,700
Sanitation Fund				
Charges for Services				
Residential Service	4,890,700	5,238,600	5,311,700	5,402,200
Commercial Service	3,360,200	3,766,700	3,841,000	3,917,800
Roll-Off Service	970,100	930,700	977,300	1,026,100
Recycling	185,900	252,100	171,900	171,900
<i>Total Charges for Service</i>	9,406,900	10,188,100	10,301,900	10,518,000
Sludge Disposal	123,100	64,800	93,000	93,000
Interest Income	116,400	31,500	500	500
Other Revenue Sources	193,700	65,300	64,900	65,000
Total Sanitation Fund	9,840,100	10,349,700	10,460,300	10,676,500
Golf Fund				
Greens Fees	1,942,500	1,858,500	1,935,000	1,975,000
Pro Shop and Restaurant Revenue	265,100	182,000	202,800	164,900
Interest Income	88,400	68,000	50,000	43,000
Other Revenue Sources	18,900	0	0	0
Transfer to General Fund	(43,600)	(68,900)	0	0
Total Golf Fund	2,271,300	2,039,600	2,187,800	2,182,900
Total Revenue - All Funds	\$250,589,000	\$258,710,900	\$260,428,800	\$267,793,600

City Sales Tax



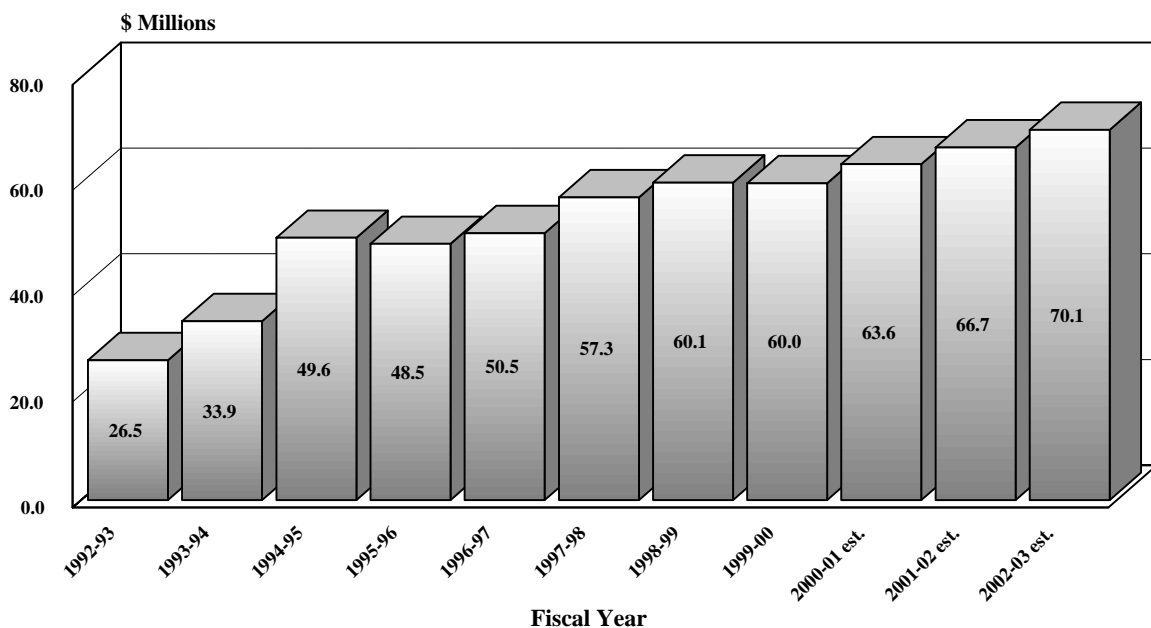
Restrictions	Fiscal Year	Amount	Percent Change
<p>Current rate of 1.8% can be increased only by electorate.</p> <p>Proceeds are pledged as security for bond payments due under Municipal Property Corporation Agreements. Revenues from a voter-approved 0.5% portion are dedicated to transit purposes, as well as a voter approved 0.1% dedicated funding for Performing Arts. In addition, all transaction privilege tax revenues generated in the Rio Salado Enterprise Fund Zone are deposited to the Rio Salado Fund for the operating expenses of the Rio Salado project.</p> <p>¹ During 1995, Governmental Accounting Standards Board (GASB) Statement No. 22 required revenue from taxpayer-assessed taxes to be recognized in the accounting period in which they become susceptible to accrual. This resulted in 13 months being recorded in FY 94-95. Account: 4001</p>	1992-93	\$26,465,874	9.8
	1993-94	33,859,498	27.9
	1994-95 ¹	49,632,044	46.6
	1995-96	48,488,111	(2.3)
	1996-97	50,495,336	4.1
	1997-98	57,283,547	13.4
	1998-99	60,100,000	4.9
	1999-00	59,967,700	(.2)
	2000-01 est.	63,566,000	6.0
	2001-02 est.	66,744,000	5.0
	2002-03 est.	70,081,000	5.0

Assumptions

The City sales tax, known formally as the transaction privilege tax, is derived from a 1.8% tax on a variety of financial transactions, including retail sales, rental payments, contracting sales, utility, telecommunications payments, and hotel/restaurant sales. The increased revenue growth in FY 1993-94 was the result of a voter-approved increase in the sales tax rate from 1.0% to 1.2%. Although Tempe voters approved increases of 0.5% (September 1996) and 0.1% (January 2001), these additional revenues are devoted to transit and performing arts needs and are not reflected in the amounts above. Our projection for 5.0% growth reflects the expectation that sales tax growth will remain steady.

Major Influences: Taxable Sales, Population, and Consumer Price Index

City Sales Tax





Restrictions	Fiscal Year	Amount	Percent Change
Primary Levy: Limited to annual increase of 2% plus amount generated by new construction. No restriction on usage.	1992-93	\$11,323,512	(2.0)
	1993-94	11,803,199	4.2
	1994-95	11,315,869	(4.1)
	1995-96	12,297,510	8.7
Secondary Limit: Restricted for debt service purposes only. No limit on rate.	1996-97	12,808,631	4.2
	1997-98	13,832,004	8.0
	1998-99	15,172,288	9.7
	1999-00	16,561,936	9.2
Account: 4012	2000-01 est.	18,414,400	11.2
	2001-02 est.	18,869,700	2.5
	2002-03 est.	20,043,800	6.2

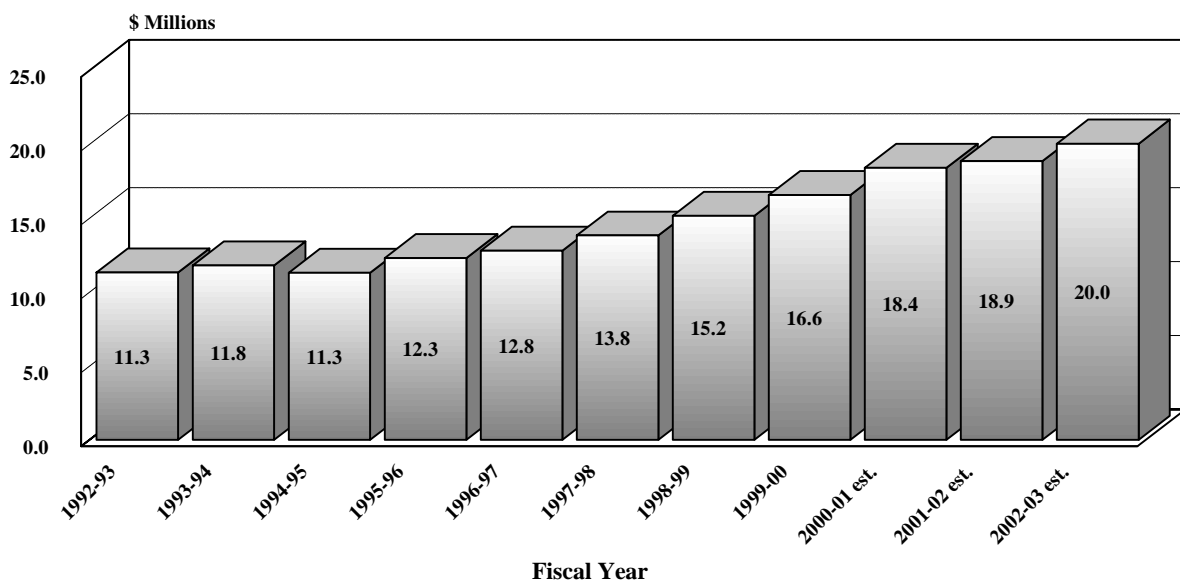
Assumptions

The City's property tax is levied based on the full cash value of property from the previous February 10th as determined by the Maricopa County Assessor, whose office both bills and collects all property taxes. Changes in total revenue collected during these years have been the result of state policy affecting assessed valuations, assessed valuation growth, and new development.

The combined primary and secondary property tax rate for FY 2001-02 will total \$1.35 per \$100 assessed valuation, consisting of \$0.53 per \$100 of primary assessed valuation for operating and maintenance costs and \$0.82 per \$100 of secondary assessed valuation to fund principal and interest payments on bond indebtedness. The City held the aggregate property tax rate at \$1.40 for six fiscal years before decreasing it by .05 in FY 2000-01. A change in the County Assessor's methodology for valuing residential property explains much of the growth in FY 2000-01. For the biennial budget period, assessed valuation growth is expected to be lower than the long-term average due to valuation methodology changes and compliance with truth in taxation legislation.

Major Influences: Development, Assessor Appraisal Methodology, State Policy, Population Growth, and Policy Regarding Property Tax Rates

City Property Tax



Transient Lodging Tax



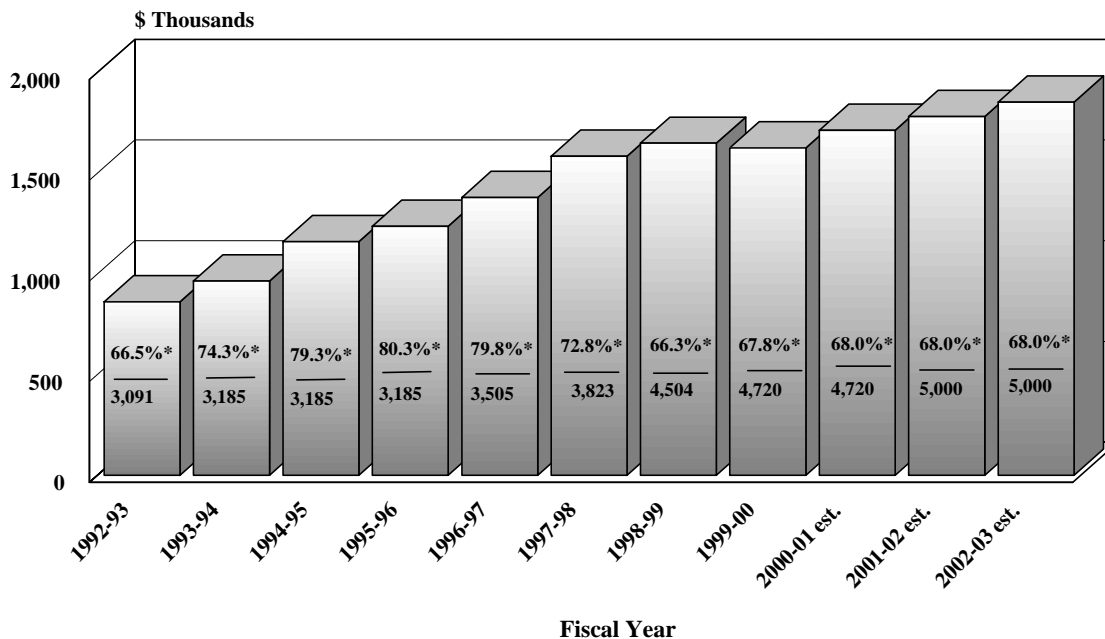
Restrictions	Fiscal Year	Amount	Percent Change
Fifty percent of the proceeds are pledged for the Tempe Convention and Visitors Bureau. Excess proceeds are for unrestricted General Fund usage, except for bed tax revenue generated within the Rio Salado Enterprise Zone, which is deposited to the Rio Salado Fund for operating costs of the Rio Salado Project.	1992-93	\$862,036	13.2
	1993-94	965,382	12.0
	1994-95	1,160,235	20.2
	1995-96	1,236,458	6.6
	1996-97	1,379,301	11.6
	1997-98	1,584,138	14.9
	1998-99	1,649,000	4.1
	1999-00	1,625,300	(1.4)
	2000-01 est.	1,713,000	5.4
	2001-02 est.	1,782,000	4.0
Account: 4002	2002-03 est.	1,853,000	4.0

Assumptions

The current transient lodging tax is 2%, which originated in June 1988 for businesses within the city charging for lodging for any period of not more than 30 consecutive days. Our projection for the biennium is for transient lodging revenues to grow at the historical rate.

Major Influences: Economy, Competition from Hotels Located in Neighboring Cities, and Consumer Price Index

Transient Lodging Tax



*Percent Occupied/Number of Rooms

Salt River Project In-Lieu Tax



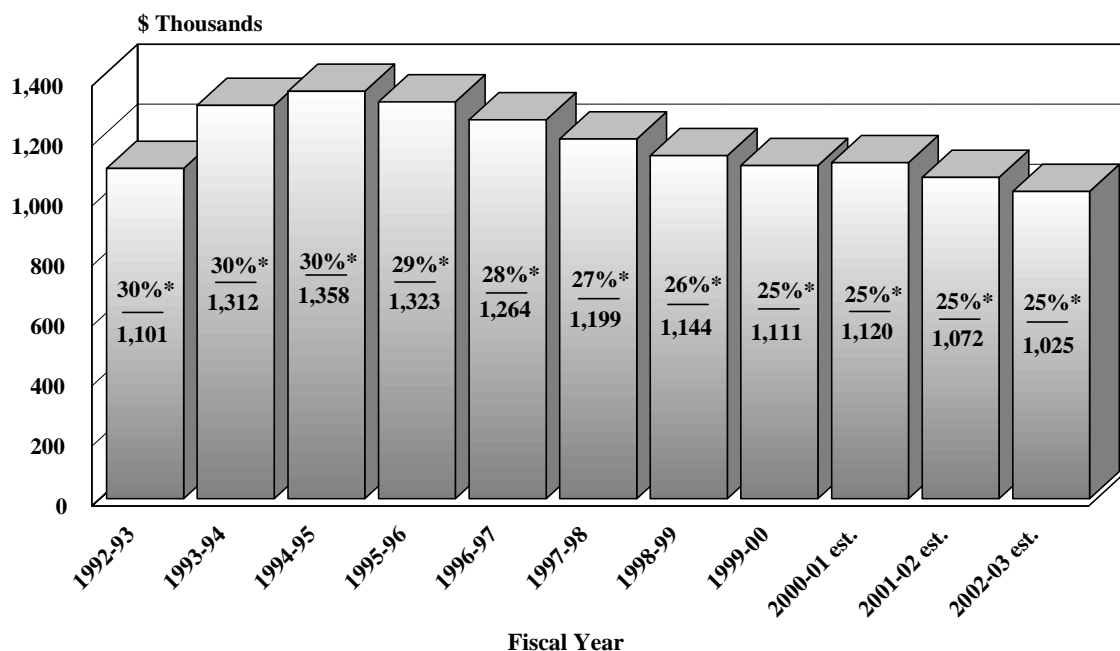
Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage.	1992-93	\$1,101,364	3.9
	1993-94	1,311,706	19.1
	1994-95	1,357,799	3.5
	1995-96	1,322,950	(2.6)
	1996-97	1,263,705	(4.5)
	1997-98	1,199,458	(5.1)
	1998-99	1,144,363	(4.6)
	1999-00	1,110,500	(3.0)
	2000-01 est.	1,120,200	(0.9)
	2001-02 est.	1,071,500	(4.3)
Account: 4015	2002-03 est.	1,024,900	(4.3)

Assumptions

As a government-operated public utility, the Salt River Project pays no franchise or property taxes. In lieu of these taxes, an amount is received from the utility based on a computation involving property location and plant investment. Proceeds from this revenue source are received through Maricopa County in June and December. The SRP In-Lieu Payment is expected to fall by 4.3% in FY 2001-03 as the assessment ratio will be reduced from 30% to 25% according to state statute.

Major Influences: Real Property Value and State Policy (assessment ratio)

Salt River Project In-Lieu Tax



*Percents represent the assessment ratio on SRP real property.

State-Shared Sales Tax



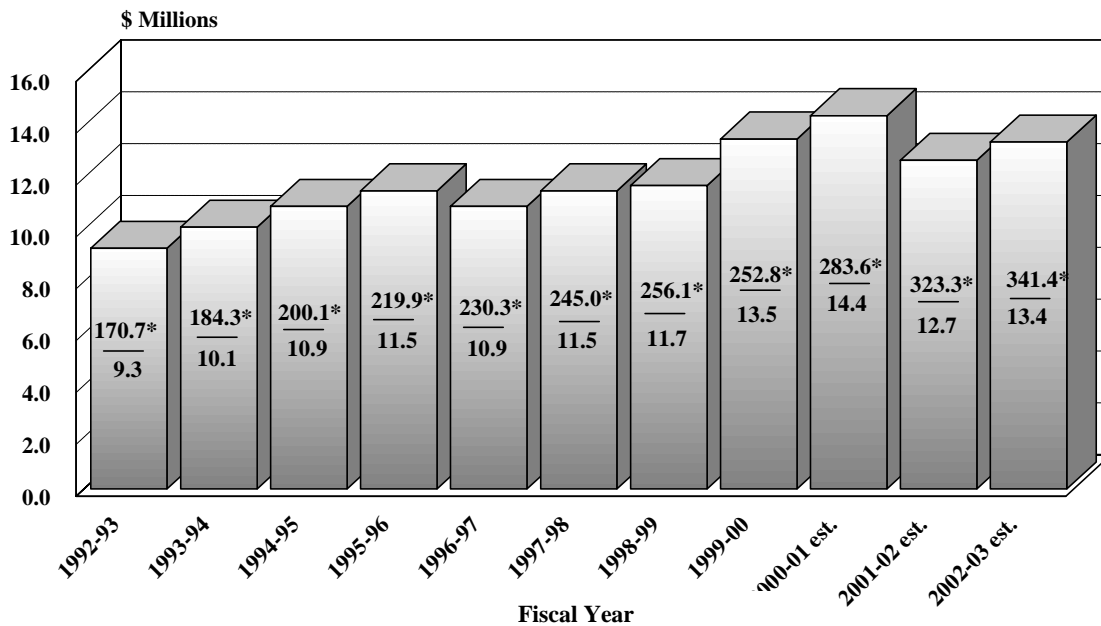
Restrictions	Fiscal Year	Amount	Percent Change
Proceeds are pledged as security for bond payments under Municipal Property Corporation agreements. Excess proceeds are restricted to usage.	1992-93	\$9,280,400	8.0
	1993-94	10,062,100	8.4
	1994-95	10,937,700	8.7
	1995-96	11,474,400	4.9
	1996-97	10,857,100	5.4
	1997-98	11,467,000	5.6
	1998-99	11,700,000	2.0
	1999-00	13,511,400	15.5
	2000-01 est.	14,400,000	6.6
	2001-02 est.	12,676,900	(12.0)
Account: 4204	2002-03 est.	13,386,800	5.6

Assumptions

The state assesses a 5% sales tax, of which 2% is designated for educational purposes and 1% deposited in the State general fund. From the remaining 2%, cities and towns share in 25% of the collections total (estimated at \$323.3 million for FY 2001-02) on the basis of their population to total state population. Distributions beginning in FY 2001-02 are based on the 2000 Census. Prior to 2000, Tempe accounted for 4.5% of the state's population (state-shared revenue distributions until FY 2000-01 are based on the 1995 Special Census), but with the 2000 Census, Tempe's share fell to 4.0%. This reduction explains much of the decline in Tempe's state-shared sales tax revenue. Although the strength of the state's economy has offset the effect of the Census, the result of the 2000 Census is a reduction to our state-shared revenues.

Major Influences: Taxable Sales, Population (relative to State) and State Policy

State-Shared Sales Tax



*Total state-shared sales tax revenue pool for distribution to cities and towns (\$ in millions)

State-Shared Vehicle License Tax



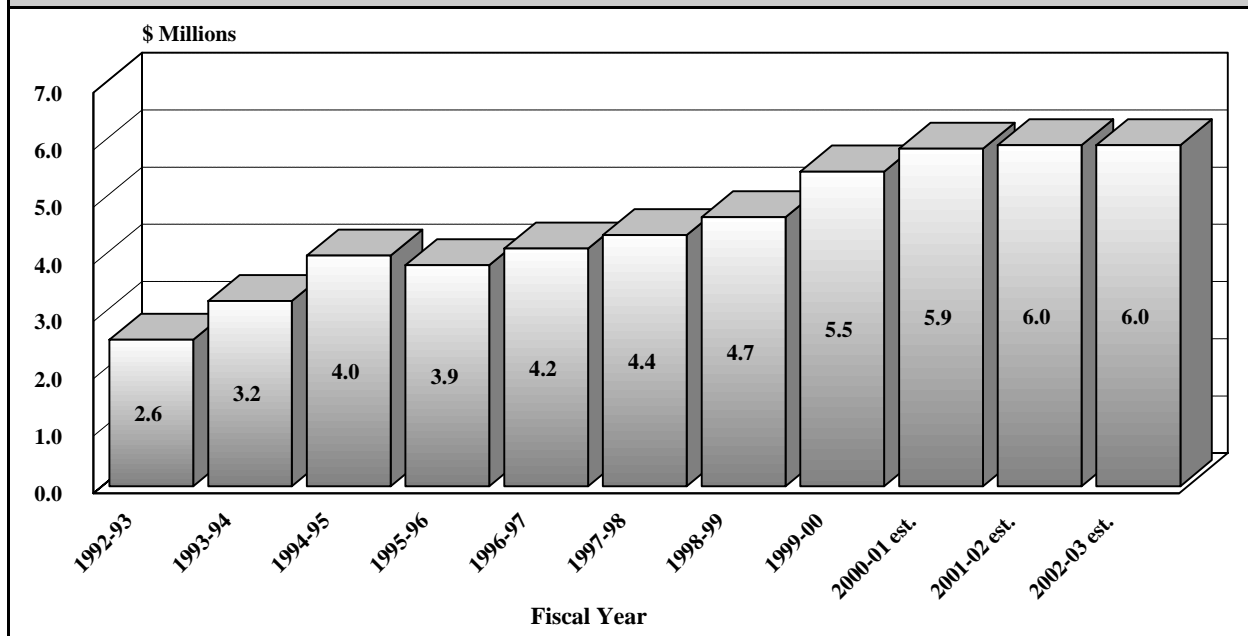
Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage. Must be expended for public purpose.	1992-93	\$2,560,309	(1.5)
	1993-94	3,238,166	26.5
	1994-95	4,031,788	24.5
	1995-96	3,863,003	(4.2)
	1996-97	4,150,865	7.5
	1997-98	4,390,865	5.8
	1998-99	4,700,000	7.0
	1999-00	5,498,000	17.0
	2000-01 est.	5,900,000	7.3
	2001-02 est.	5,959,000	1.0
	2002-03 est.	5,959,000	0.0
Account: 4214			

Assumptions

Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county. The respective shares are determined by the proportion of population to total incorporated population of the county. The remainder of the revenues collected are shared by schools, counties, and the state. Continued strong economic performance in the state during FY 1998-99, sustained in large part by high population growth, more than offset the recovery of overpayments made to cities by Maricopa County from 1992 to 1995. Expected declining auto sales should bring growth for this revenue down during the next biennium.

Major Influences: Population (relative to State), State Policy and Auto Sales

State-Shared Vehicle License Tax



State-Shared Income Tax



Restrictions	Fiscal Year	Amount	Percent Change
Proceeds are pledged as security for bond payments due under Municipal Property Corporation agreements. Excess proceeds are unrestricted as to usage.	1992-93	\$9,175,251	4.4
	1993-94	9,256,278	1.0
	1994-95 ¹	11,139,519	20.4
	1995-96	9,939,946	(10.8)
	1996-97	11,139,519	12.1
	1997-98	13,158,548	18.1
	1998-99	15,000,000	14.0
	1999-00	17,045,900	13.6
	2000-01 est.	17,950,500	5.3
	2001-02 est.	16,542,100	(7.9)
Account: 4208	2002-03 est.	17,747,400	7.3

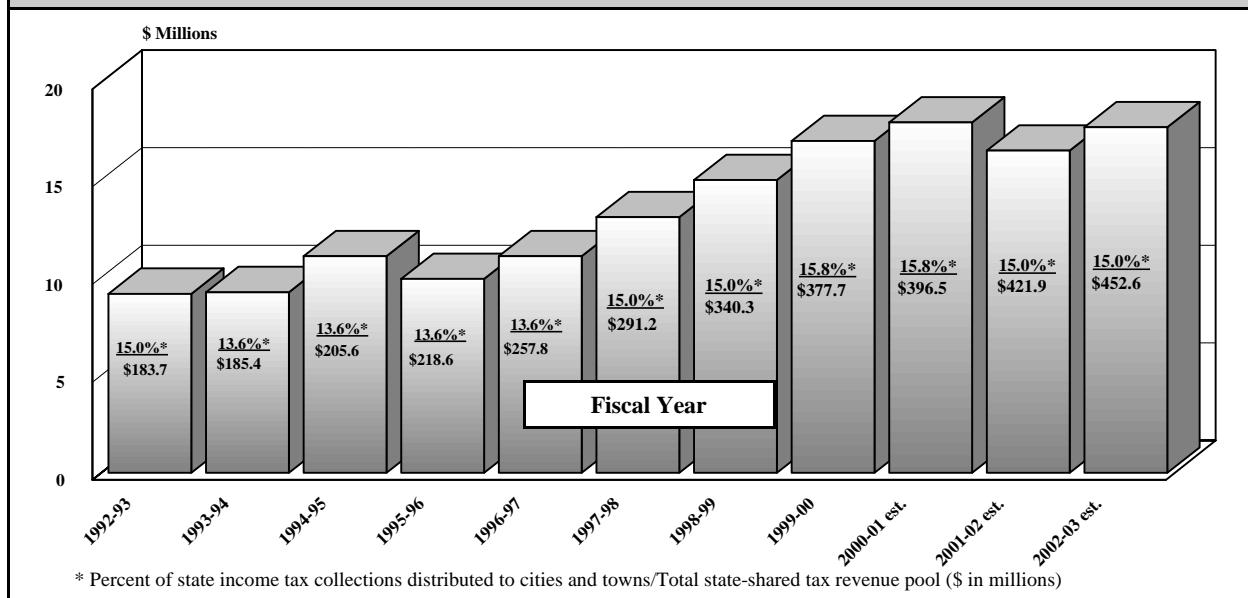
¹ During 1995, Governmental Accounting Standards Board (GASB) Statement No. 22 required revenue from taxpayer-assessed taxes to be recognized in the accounting period in which they become susceptible to accrual. This resulted in 13 months being recorded in FY 1994-95.

Assumptions

The right to levy income taxes in Arizona is a state responsibility. Amounts distributed are based on actual income tax collections from two years prior to the fiscal year in which the City receives the funds. Arizona cities and towns were entitled to receive 15% of the State's income tax collections until FY 1992-93 when the percentage dropped to 13.6%. The percentage share then was restored to 15% in FY 1997-98 and then increased in FY 1999-00 to 15.8%. However, in a 1999 state legislation session, the local share fell back to 15% and is the percentage at present. This state-shared revenue is distributed to cities or towns based on the relation of their population to the total population of all incorporated cities and towns in the state. Prior to 2000, Tempe accounted for 4.5% of the state's population (state-shared revenue distributions until FY 2000-01 were based on the 1995 Special Census), but with the 2000 Special Census, Tempe's share fell to 4.0%. This accounts for the decline in FY 2001-02. The estimated growth in FY 2002-03 is in accordance with historical standards and driven by statewide population and personal income growth.

Major Influences: Personal Income (current \$), Corporate Net Profits, Population (relative to State) and State Policy

State-Shared Income Tax



Charges for Services/Recreation and Social Services



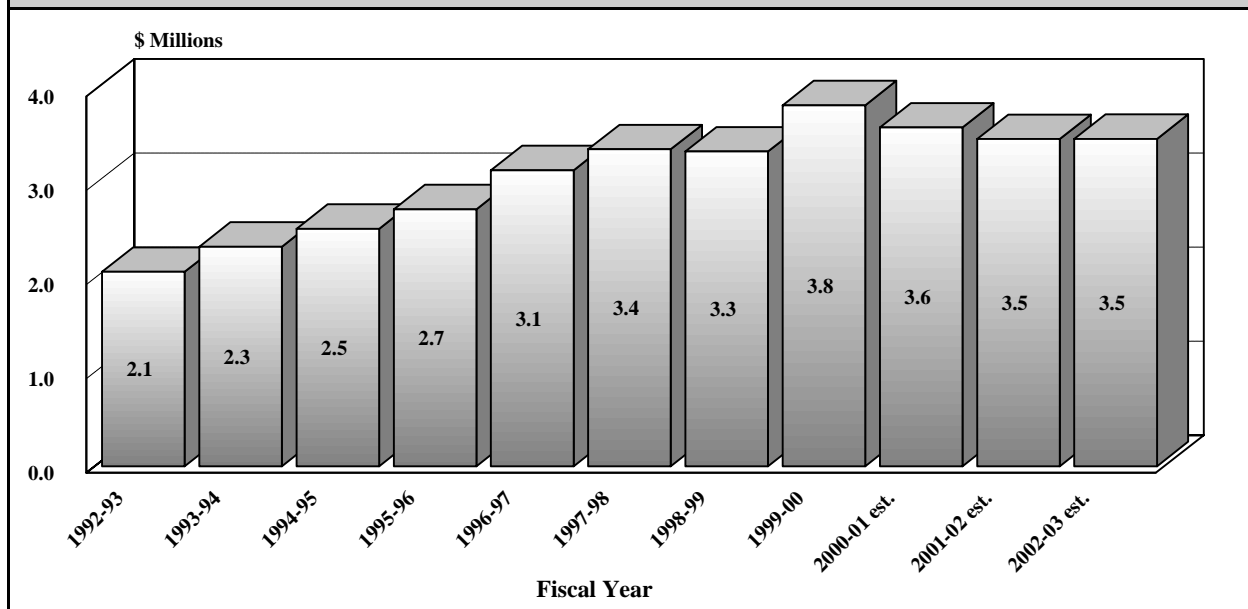
Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage, but intended to defray costs of recreation and social service programs.	1992-93	\$2,066,438	6.4
	1993-94	2,333,299	12.9
	1994-95	2,524,369	8.2
	1995-96	2,732,022	8.2
	1996-97	3,145,907	15.2
	1997-98	3,369,509	7.1
	1998-99	3,345,728	(0.7)
	1999-00	3,836,700	14.7
	2000-01 est.	3,600,800	(6.2)
	2001-02 est.	3,478,800	(3.4)
Accounts: 4301-4315	2002-03 est.	3,479,400	0.02

Assumptions

Revenue in this category is derived from a wide array of recreational activities (such as softball, swimming, and tennis) and social services programs (such as counseling services and after-school programs). By Council policy, many of these activities and services are partially or fully-funded through user charges. Fees are based on a targeted percentage for cost recovery of direct program operating costs, including wages and supply costs but excluding facility costs, administration, and capital outlay. The percentage of recovery of direct program costs is by classification of user groups as follows: adult programs, 100% cost recovery; youth programs and senior programs, 50% cost recovery; and all Kiwanis Recreation Center classes/programs, 100% cost recovery. Most of the additional revenue generated in FY 1996-97 and FY1997-98 was related to the expansion of social service programs, especially Kid Zone and Teen Zone, which operate under the 100% cost recovery policy. Over the longer term, we expect recreational and social services to increase as the department plans to expand services.

Major Influences: Population, Internal Policy and Program Development

Charges for Services/Recreation and Social Services



Charges for Services/Development Related



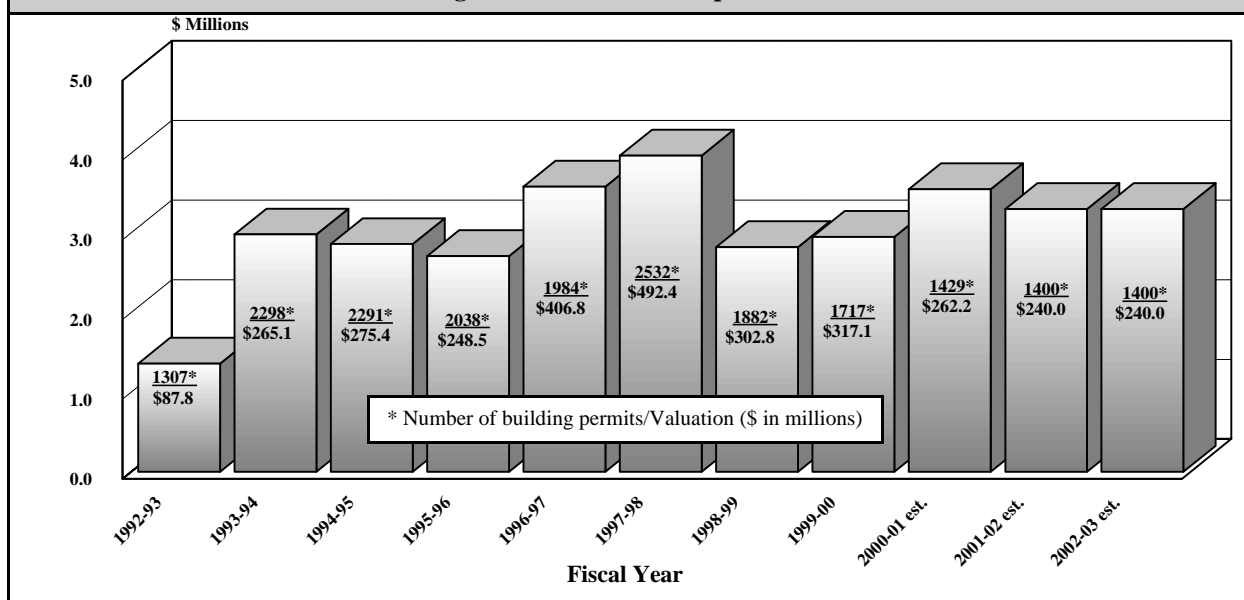
Restrictions	Fiscal Year	Amount	Percent Change
Proceeds are pledged as security for bond payments due under the Municipal Property Corporation Agreements. Excess proceeds are unrestricted as to usage.	1992-93	\$1,361,825	6.4
	1993-94	2,980,551	118.9
	1994-95	2,860,656	(4.0)
	1995-96	2,711,393	(5.2)
	1996-97	3,586,390	32.3
	1997-98	3,973,347	10.8
	1998-99	2,822,892	29.0
	1999-00	2,957,600	4.8
	2000-01 est.	3,550,000	20.0
	2001-02 est.	3,303,600	(2.6)
Accounts:	2002-03 est.	3,303,600	0.0
4102-4112 (Building & Trade Permits)			
4401-4405, 4411-4413 (Engineering Fees)			
4406-4410, 4414-4418 (Planning & Zoning)			

Assumptions

Declines in development related permit revenues in the early 1990's were largely a function of slower population growth, a more stringent Tax Reform Act of 1986, and a downturn in both the economy and development. A new building permit and plan check fee structure was implemented in August 1991, while planning, zoning, and engineering fees were revised in FY 1992-93. The annual growth rates shown above reflect the sometimes extreme cyclical nature of development. Following a year that included permit revenue related to the new Arizona Mills Mall, FY 1998-99 saw a drop-off in development activity in all sectors, consistent with declining rates of growth county-wide. In the long term, development revenue growth should accelerate again with new, major developments planned for the downtown area and Rio Salado. Further, effective FY 2001-02, development related activities fees increased.

Major Influences: Population, Tax Laws, Economy and Development

Charges for Services Development Related



Fines and Forfeitures



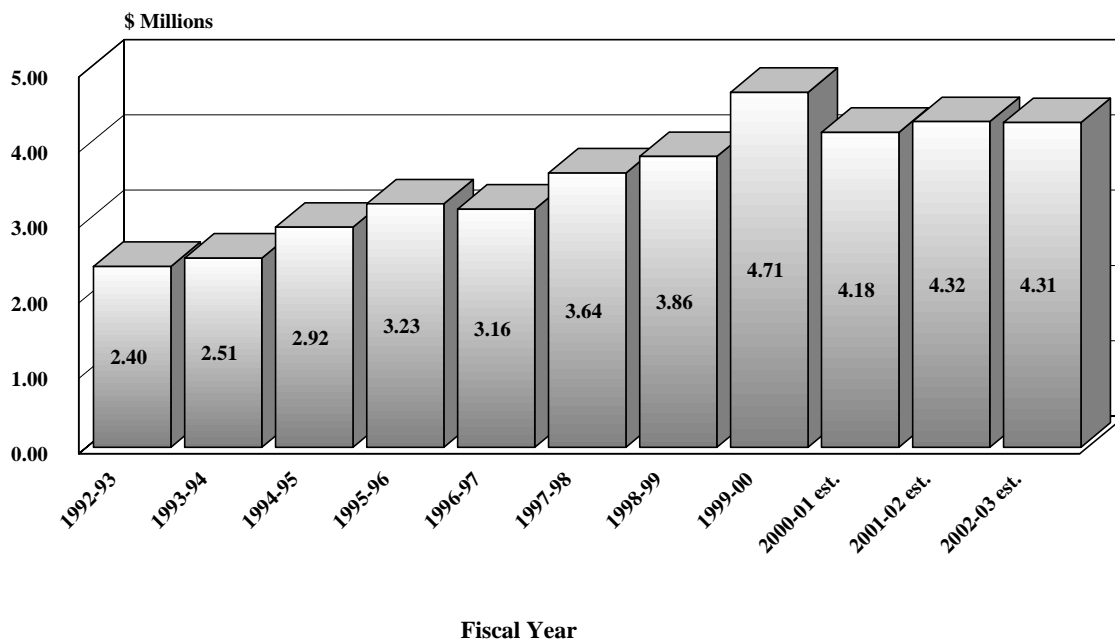
Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage.	1992-93	\$2,402,640	12.3
	1993-94	2,509,835	4.5
	1994-95	2,918,357	16.3
	1995-96	3,234,571	10.8
	1996-97	3,162,253	2.2
	1997-98	3,636,208	15.0
	1998-99	3,856,034	6.1
	1999-00	4,709,700	22.1
	2000-01 est.	4,179,200	(11.3)
	2001-02 est.	4,321,400	3.4
Accounts: 4601-4609, 4612-4625	2002-03 est.	4,310,500	(0.03)

Assumptions

The fines and forfeitures revenues to the City derive from fines related to parking, traffic, criminal, animal control, defensive driving school, adult diversion, domestic violence, and false alarms, plus revenues from public defender reimbursements, forfeitures, and boot fees. Much of the FY 2001-02 increase is related to Council-approved increases in false alarm fines and alarm system registration fees and a police selective neighborhood traffic enforcement unit.

Major Influences: Population (Demographics), Crime Rate and Internal Policy (Enforcement, Number of Police Officers)

Fines and Forfeitures



Interest Earnings



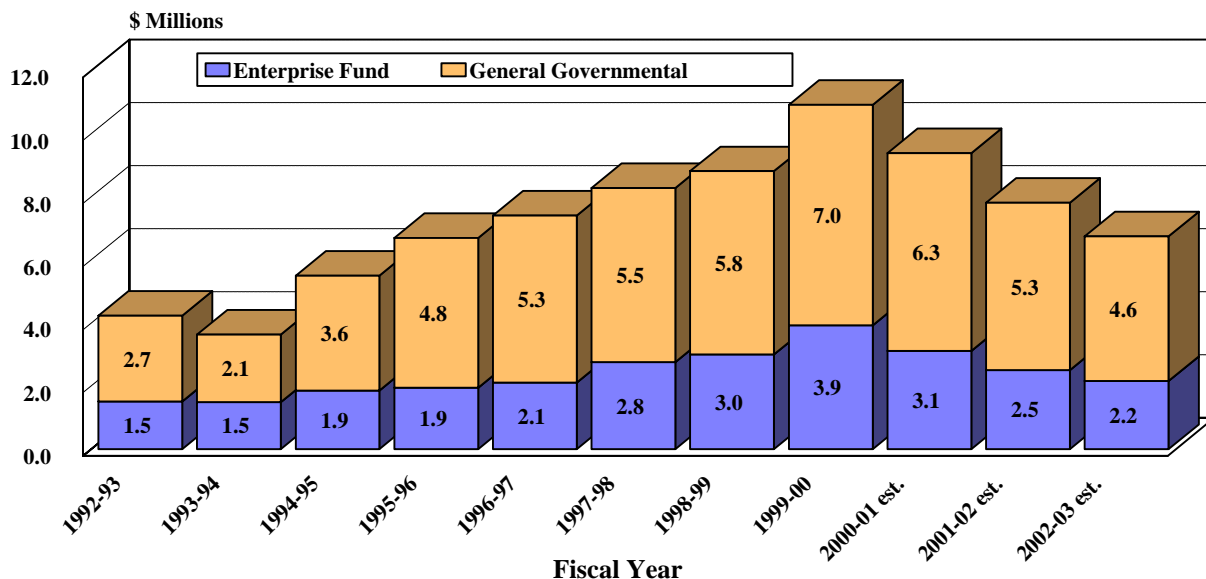
Restrictions:				
No restrictions on usage.				
Fiscal Year	Enterprise Funds		General Governmental	
	Amount	Percent Change	Amount	Percent Change
1992-93	\$1,508,623	4.4	\$2,722,322	24.2
1993-94	1,487,856	1.4	2,147,608	21.1
1994-95	1,854,923	24.7	3,644,455	69.7
1995-96	1,945,695	4.9	4,750,313	30.3
1996-97	2,111,981	8.6	5,296,770	11.5
1997-98	2,759,749	30.7	5,527,174	4.4
1998-99	3,003,500	8.8	5,814,000	5.2
1999-00	3,931,500	30.9	6,994,300	16.1
2000-01 est.	3,112,500	(20.8)	6,272,000	(7.0)
2001-02 est.	2,504,500	(19.5)	5,307,000	(15.4)
2002-03 est.	2,162,500	(13.7)	4,583,000	(13.6)

Assumptions

Interest earnings are derived from the investment of cash. The City's investment policy authorizes investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. Revenues are influenced by the amount of temporarily idle cash on hand, prevailing short-term interest rates, and the scope and timing of the City's bond issues. Expenditure controls and rate adjustments in the Enterprise Funds, particularly the Water/Wastewater Fund have produced higher cash balances and greater interest income recently. Revenue growth, resulting from the strong economy, has bolstered cash balances in the General Fund as well. FY 2000-01 should see a reversal of this trend, with planned drawdowns of fund balances occurring to fund capital projects as the City continues its policy of utilizing these balances as "pay-as-you-go" financing in place of debt financing.

Major Influences: Cash Balances, Short-Term Governmental Interest Rates, and Bond Sales

Interest Earnings



Transit Tax



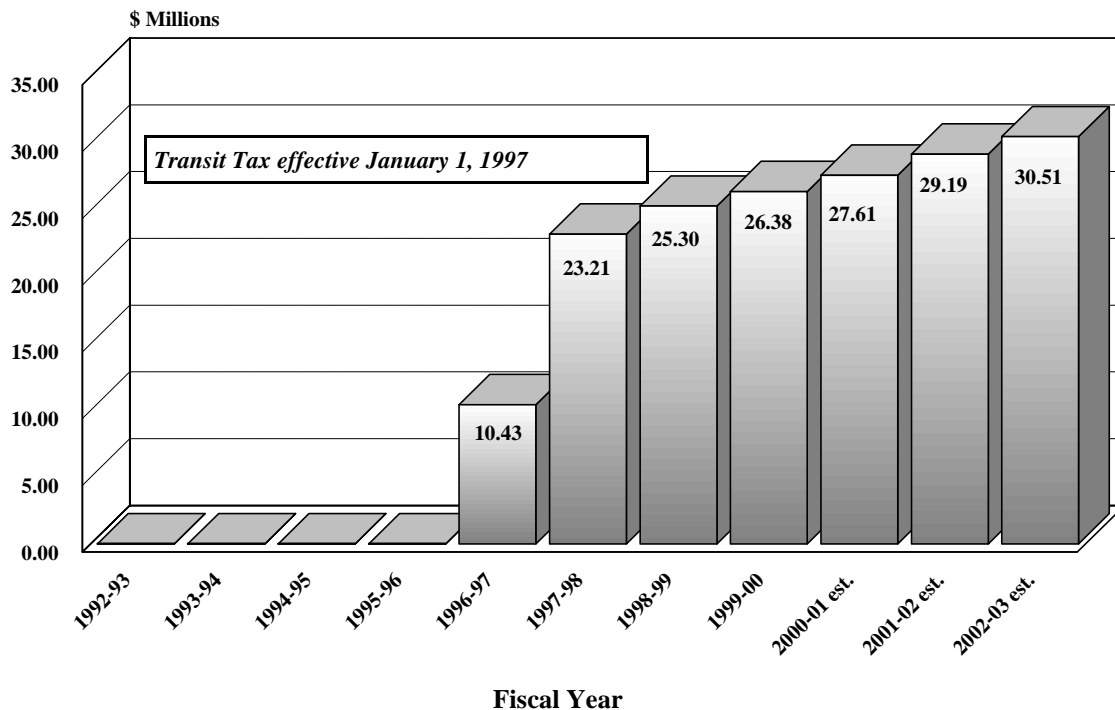
Restrictions	Fiscal Year	Amount	Percent Change
Represents a portion of the City sales tax dedicated by public vote to transit-related purposes, such as bus acquisition and maintenance, connecting bus routes to neighboring cities, bus stop construction, and transit planning. Account: 4004	1996-97	\$10,429,431	-
	1997-98	23,212,252	122.6
	1998-99	25,300,000	9.0
	1999-00	26,384,500	4.3
	2000-01 est.	27,609,500	4.6
	2001-02 est.	29,193,000	5.7
	2002-03 est.	30,506,000	4.5

Assumptions

The Transit Tax represents 1/2 cent of the 1.8% City sales tax. The amount for transit was approved by Tempe voters in September 1996. The additional tax became effective January 1, 1997, thus the revenue for FY 1996-97 only reflects collections over the last half of the fiscal year. The estimate for FY 2001-02 and FY 2002-03 closely follows our estimate for overall City sales tax growth of 5.0%.

Major Influences: Taxable Sales, Population and Consumer Price Index

Transit Tax



Performing Arts Tax



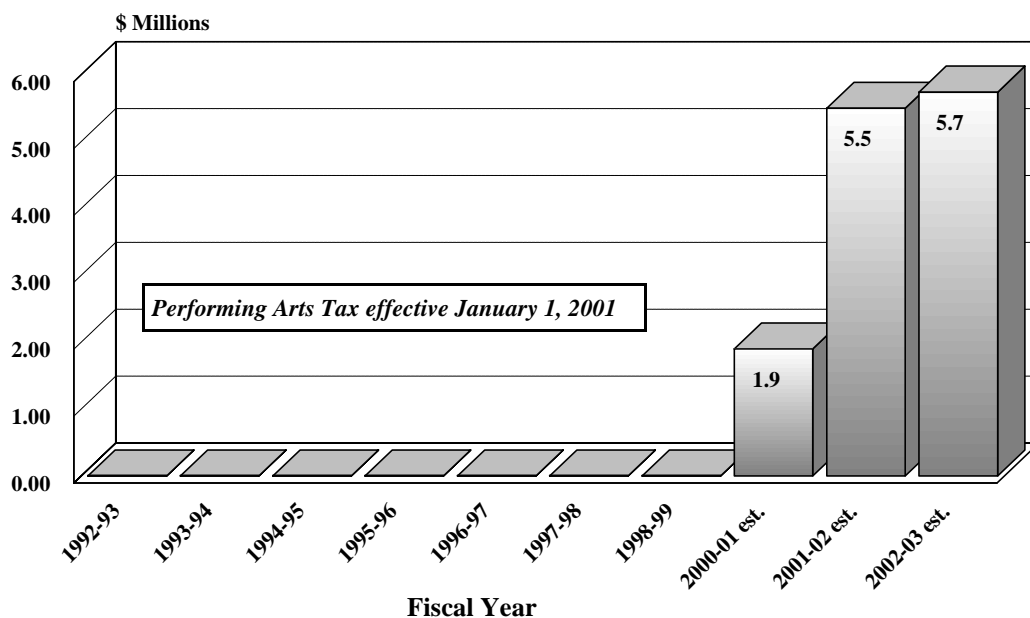
Restrictions	Fiscal Year	Amount	Percent Change
Represents a portion of the City sales tax dedicated by public vote for a Performing Arts center and related activities.	2000-01 est.	\$1,900,000	-
	2001-02 est.	5,500,000	189.5
	2002-03 est.	5,740,000	4.4
Account: 4005			

Assumptions

The Performing Arts Tax represents a voter-approved 0.1% increase to the 1.8% City Sales Tax. These funds are dedicated for a Visual and Performing Arts Center. The tax for the performing arts was implemented in January 2001, therefore, FY 2000-01 reflects a partial year.

Major Influences: Taxable Sales, Population, and Consumer Price Index

Performing Arts Tax



Highway User Tax



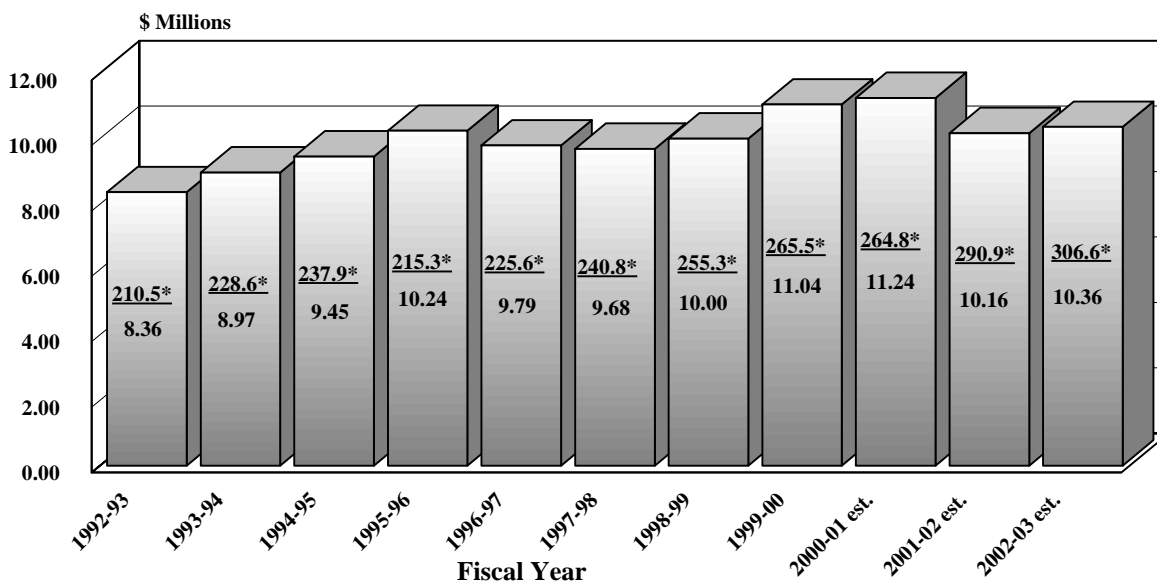
Restrictions	Fiscal Year	Amount	Percent Change
Proceeds can be used only for street and highway purposes including right-of-way acquisition, construction, reconstruction, maintenance, and payment of debt services on highway and street bonds.	1992-93	\$8,361,432	3.4
	1993-94	8,965,553	7.2
	1994-95	9,449,774	5.4
	1995-96	10,238,951	8.4
	1996-97	9,788,235	4.4
	1997-98	9,684,269	1.1
	1998-99	10,000,000	3.3
	1999-00	11,041,100	10.4
	2000-01 est.	11,240,100	1.8
	2001-02 est.	10,162,600	(9.6)
	2002-03 est.	10,355,700	1.9

Assumptions

Highway User Revenue Fund (HURF) revenues are comprised primarily of a share of the state-imposed tax on fuel (18 cents per gallon), but also include a portion of vehicle license taxes and other motor carrier permits and fees. Of the statewide total HURF revenues, 27.5% is distributed to cities and towns. Of this amount, one-half is distributed based on each city or town's percentage share of the statewide total population of all incorporated cities and towns. The remaining one-half is divided into county pools based on each county's share of statewide fuel sales. Within each county, cities and towns receive an allocation based on their percentage share of total incorporated population in the county. The sudden drop in FY 1991-92 was the result of an action by the state Legislature to fund a portion of the state Highway Patrol from HURF revenue, thereby lowering the pool of funds available for distribution to cities and towns. Continued reduction in FY 1996-97 and FY 1997-98 were the result of Tempe's Special Census, which placed Tempe at 4.5% of the state's population, down from our 5% share which resulted from the 1990 Census. The FY 2001-02 decline is a reflection of the 2000 Census, which resulted in Tempe's share again declining to 4.0%.

Major Influences: Population, State Policy, Economy and Gasoline Sales.

Highway User Tax



* Represents the assessment ration of SRP real property.

Local Transportation Assistance Fund



Restrictions	Fiscal Year	Amount	Percent Change
Proceeds can be used only for street and highway projects, for any construction or reconstruction in the public right-of-way as well as transit programs.	1992-93	\$1,130,372	1.0
	1993-94	1,123,762	0.6
	1994-95	1,107,750	1.4
	1995-96	1,089,151	1.7
	1996-97	1,081,122	0.7
	1997-98	1,019,776	5.7
	1998-99	950,000	6.6
	1999-00	976,000	2.7
	2000-01 est.	925,500	(5.2)
	2001-02 est.	932,300	0.8
	2002-03 est.	901,600	(3.3)
Account : 4212			

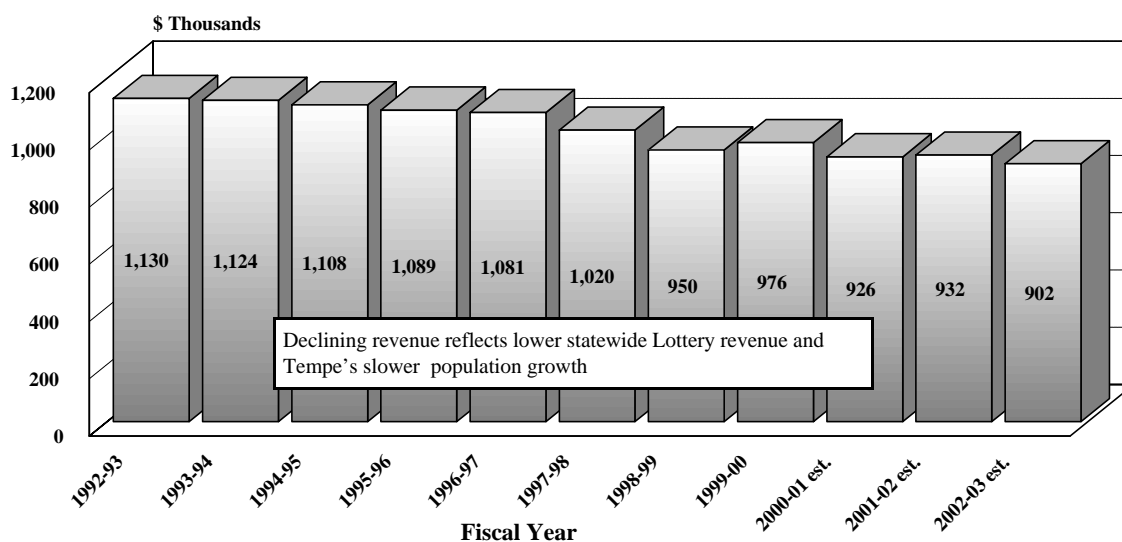
Assumptions

Revenues are derived from the state lottery game and the multi-state Powerball lottery game. By state statute, the state must distribute at least \$20.5 million annually to cities and towns from state lottery revenues, up to a maximum total distribution pool of \$23 million. Amounts distributed to cities and towns are based on their percentage share of statewide population as determined and updated annually by the state Department of Economic Security. Revenues derived from Powerball may be received only after the state first collects \$21 million from Powerball sales. If this threshold is reached, the state will distribute up to a total of \$18 million from Powerball revenues, dividing the pool into amounts based on each county's share of lottery ticket sales. Amounts from these county pools distributed to cities and towns are based on each city or town's share of incorporated population in the county.

Continued reductions in lottery revenues over the past 10 years reflect the overall decline in the total amount of funds available statewide for distribution. State lottery sales continue to suffer since the introduction of Powerball and casino-style gaming on Native American Reservations. Further exacerbating problems in this revenue is Tempe's declining share of statewide population.

Major Influences: Population (relative to State) and Lottery Ticket Sales

Local Transportation Assistance Fund



Community Development Block Grant/Section 8 Housing Grant



Restrictions

Community Development Block Grant (CDBG) funds are awarded by the federal government and may be used only for the rehabilitation of owner-occupied housing and the removal of "slum and blight". Section 8 Housing Grants, also federal funds, may be used only for rent and utility subsidies for low income persons.

Account : 4202

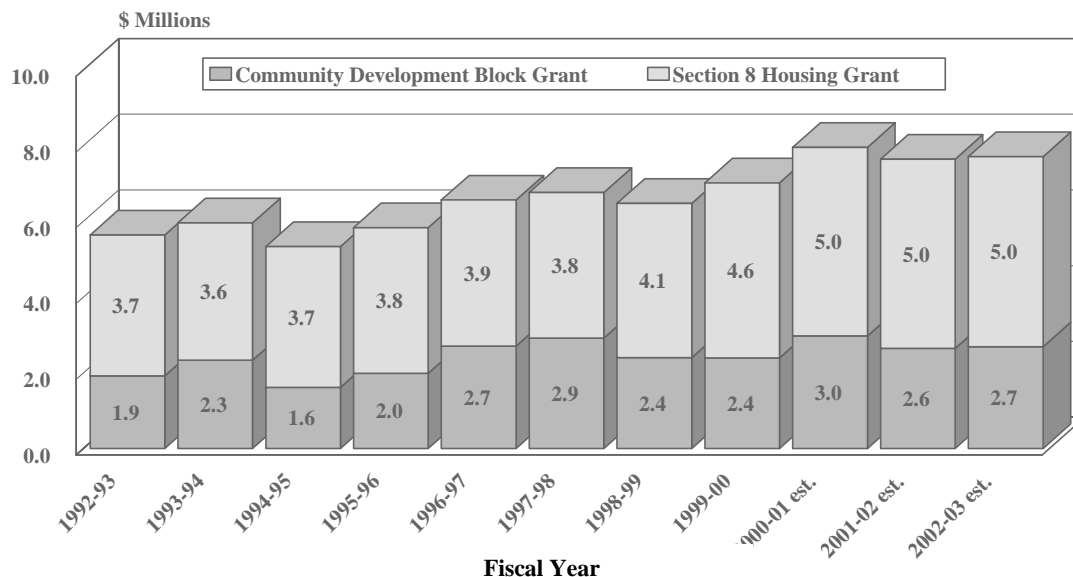
Fiscal Year	Community Development Block Grant		Section 8 Housing Grant	
	Amount	Percent Change	Amount	Percent Change
1992-93	\$1,912,124	128.4	\$3,725,246	24.2
1993-94	2,325,740	21.6	3,630,121	(2.6)
1994-95	1,610,050	(30.8)	3,719,248	2.5
1995-96	1,980,305	23.0	3,846,066	3.4
1996-97	2,700,015	36.3	3,861,578	0.4
1997-98	2,915,622	8.0	3,843,309	(0.5)
1998-99	2,399,237	(17.7)	4,068,842	5.9
1999-00	2,390,100	(0.4)	4,624,100	13.6
2000-01 est.	2,967,700	24.2	4,985,700	7.8
2001-02 est.	2,637,600	(11.1)	4,996,200	0.2
2002-03 est.	2,687,600	0.0	5,018,300	0.4

Assumptions

Funding levels in both programs are based on a federal formula which reflects local factors such as the percentage of people living in poverty, unemployment, population, age of existing housing, and the need for housing.

Major Influences: Federal Policy, Poverty Levels and Population

Community Development Block Grant/Section 8 Housing Grant



Water/Wastewater Revenues User Fees



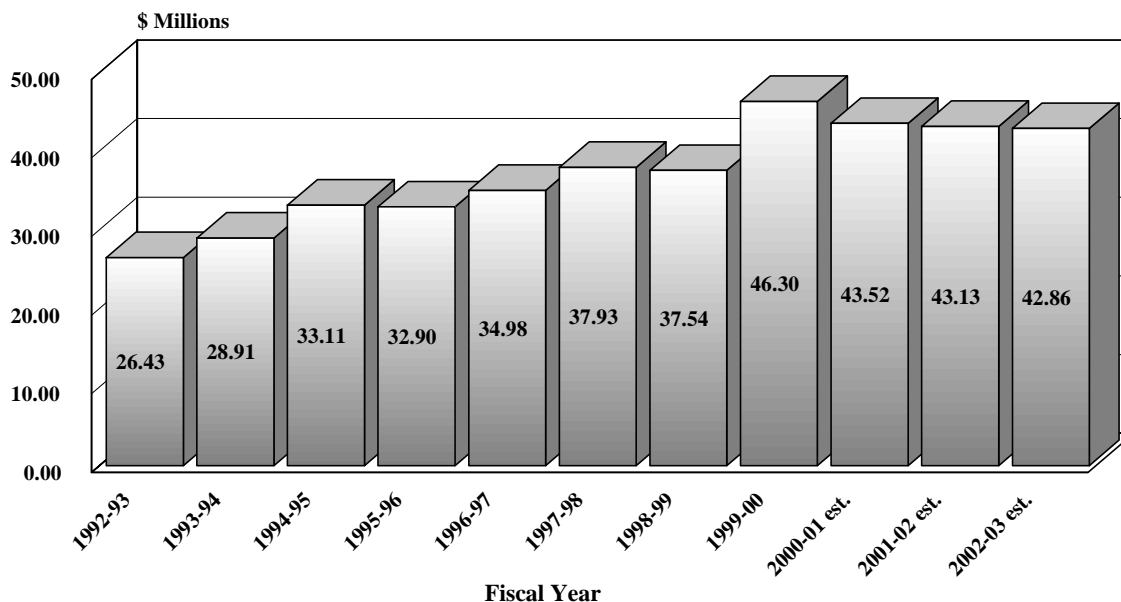
Restrictions	Fiscal Year	Amount	Percent Change
Water/Wastewater is a self-supporting, enterprise operation. Accounts: 4282, 4284, 4821-4831, 4834-4842	1992-93	\$26,434,331	13.0
	1993-94	28,913,908	9.4
	1994-95	33,107,522	14.5
	1995-96	32,895,352	(0.7)
	1996-97	34,979,993	6.3
	1997-98	37,928,781	8.4
	1998-99	37,540,000	(1.0)
	1999-00	46,296,100	23.3
	2000-01 est.	43,517,600	(6.0)
	2001-02 est.	43,127,700	(0.9)
	2002-03 est.	42,863,700	(0.6)

Assumptions

Water/Wastewater revenues are derived from fees and service charges assessed to residential and commercial customers of the City's water and wastewater systems. Revenues also include charges to the City's residential irrigation customers. As the graph below depicts, water and sewer rate and fee adjustments were made over three consecutive fiscal years (FY 1991-92 to FY 1993-94) to address increased costs resulting from inflation, debt service on capital projects, operational impact of the South Tempe Water Reclamation Plant, and environmental regulation compliance. In FY 1996-97, irrigation rates were increased by 5%, while sewer rates for residential customers increased an average of 6%. Sewer rates for commercial and industrial customers increased as well in accordance with a new wastewater rate structure based on strength and volume of discharge. Pending rate increases should both bring the water operation into full cost recovery and additional funding for plant expansion.

Major Influences: Population, Internal Policy, Water Consumption Patterns and Weather

Water/Wastewater Revenues User Fees





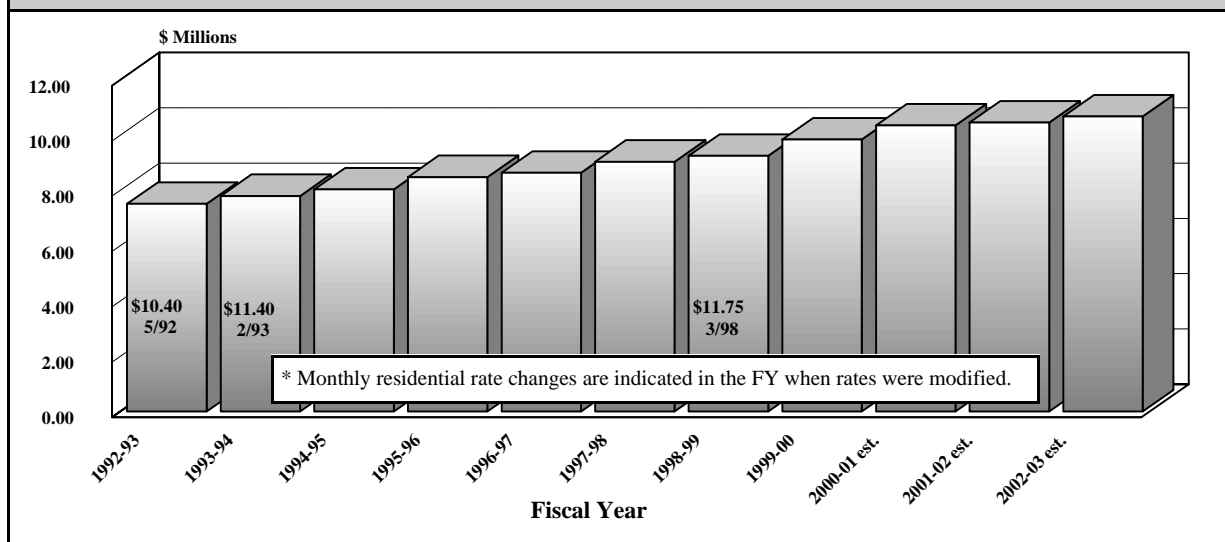
Restrictions	Fiscal Year	Amount	Percent Change
Used to defray costs of providing solid waste collection and disposal service. Any operating deficits are covered by the General Fund from unrestricted revenue.	1992-93	\$7,512,296	13.0
	1993-94	7,798,631	9.4
	1994-95	8,038,917	14.5
	1995-96	8,484,046	0.6
	1996-97	8,636,576	6.3
	1997-98	9,039,504	8.4
	1998-99	9,256,680	1.0
	1999-00	9,840,100	6.3
	2000-01 est.	10,349,700	5.2
	2001-02 est.	10,460,300	1.1
Accounts: 4251-4259	2002-03 est.	10,676,500	2.1

Assumptions

The collection and disposal of solid waste constitutes the City's second largest enterprise operation. Revenues derive from user fees for residential, commercial, roll-off, and uncontained solid waste service. As the graph below indicates, residential solid waste fees were increased three times starting in FY 1991-92 to address increased landfill and recycling costs. Most recently, residential rates were increased in January 1998 by 3% to address projected shortfalls in the Sanitation Fund. Solid waste fees are reviewed annually to determine if the fee structure will generate sufficient revenue to cover fund operating expenses and provide a reserve for capital expenditures and contingencies. As the City approaches build-out (Tempe is a landlocked city), Sanitation revenue growth should slow to a level closely following population and development, aside from any further rate adjustments.

Major Influences: Population, Internal Policy, and Commercial Market/Competition

Sanitation Fees





Restrictions																																								
Revenues are used to defray costs of operating the Rolling Hills and Ken McDonald golf courses.																																								
Fiscal Year	Rolling Hills		Ken McDonald																																					
	Amount	Percent Change	Amount	Percent Change																																				
1992-93	\$744,171	1.5	\$879,451	0.4																																				
1993-94	818,018	9.9	1,076,361	22.4																																				
1994-95	824,968	0.9	1,086,521	0.9																																				
1995-96	1,016,217	23.2	1,156,946	63.5																																				
1996-97	1,051,586	3.5	1,294,228	11.9																																				
1997-98	994,964	5.4	1,237,961	4.4																																				
1998-99	997,000	0.2	1,246,000	0.7																																				
1999-00	882,082	(11.5)	1,060,418	(14.9)																																				
2000-01 est.	840,000	(4.8)	1,018,500	(4.0)																																				
2001-02 est.	875,000	4.2	1,060,000	4.1																																				
2002-03 est.	895,000	2.3	1,080,000	1.9																																				
Assumptions																																								
Revenue from greens fees account for nearly 91% of golf course revenues, with the rest coming from lease agreements with the pro shops and restaurant concessionaires. Fees are reviewed annually to ensure that revenues will fully cover the cost of Golf Fund operations while providing a sufficient reserve to address capital funding needs. Golf fees were last adjusted in June 1999 when greens fees for nine holes for non-residents during the Summer increased by \$1. FY 1997-98 revenues fell from the prior year as weather conditions reduced rounds of play. Our projection over the biennium is to conservatively assume no growth in revenues, particularly in light of the volatility that can result from weather conditions or fee changes.																																								
Major Influences: Competition from Other Golf Courses, Weather, and City Fee Policy																																								
Golf Course Fees																																								
<div><div>\$ Thousands</div><div><div>Rolling HillsKen McDonald</div></div><div>Fiscal Year</div><table><thead><tr><th>Fiscal Year</th><th>Rolling Hills</th><th>Ken McDonald</th></tr></thead><tbody><tr><td>1992-93</td><td>744.171</td><td>879.451</td></tr><tr><td>1993-94</td><td>818.018</td><td>1,076.361</td></tr><tr><td>1994-95</td><td>824.968</td><td>1,086.521</td></tr><tr><td>1995-96</td><td>1,016.217</td><td>1,156.946</td></tr><tr><td>1996-97</td><td>1,051.586</td><td>1,294.228</td></tr><tr><td>1997-98</td><td>994.964</td><td>1,237.961</td></tr><tr><td>1998-99</td><td>997.000</td><td>1,246.000</td></tr><tr><td>1999-00</td><td>882.082</td><td>1,060.418</td></tr><tr><td>2000-01 est.</td><td>840.000</td><td>1,018.500</td></tr><tr><td>2001-02 est.</td><td>875.000</td><td>1,060.000</td></tr><tr><td>2002-03 est.</td><td>895.000</td><td>1,080.000</td></tr></tbody></table></div>					Fiscal Year	Rolling Hills	Ken McDonald	1992-93	744.171	879.451	1993-94	818.018	1,076.361	1994-95	824.968	1,086.521	1995-96	1,016.217	1,156.946	1996-97	1,051.586	1,294.228	1997-98	994.964	1,237.961	1998-99	997.000	1,246.000	1999-00	882.082	1,060.418	2000-01 est.	840.000	1,018.500	2001-02 est.	875.000	1,060.000	2002-03 est.	895.000	1,080.000
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